

# **RHODE ISLAND COMMERCE CORPORATION**

## **MEETING OF DIRECTORS**

### **PUBLIC SESSION**

**August 10, 2016**

**The Board of Directors of the Rhode Island Commerce Corporation (the "Corporation") met on August 10, 2016 in Public Session, beginning at 2:00 p.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, RI 02908, pursuant to the public notice of meeting, a copy of which is attached hereto as Exhibit A, as required by applicable Rhode Island law.**

**The following Directors were present and participated throughout the meeting as indicated: Governor Gina M. Raimondo, Bernard Buonanno, Dr. Nancy Carriuolo, Tim Hebert Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Vanessa Toledo-Vickers.**

**Directors absent were: Ronald O'Hanley, Mary Jo Kaplan and Karl Wadensten.**

**Also present were: Secretary of Commerce Stefan Pryor, Darin Early, Jeremy Licht and Thomas Carlotto.**

## **1. CALL TO ORDER AND OPENING REMARKS**

**The Governor called the meeting to order at 2:04 p.m. indicating that a quorum was present.**

**2. TO CONSIDER FOR APPROVAL THE PUBLIC SESSION MINUTES FOR THE MEETING HELD JUNE 27, 2016.**

**Upon motion duly made by Dr. Carriuolo and seconded by Ms. Sams the following vote was adopted:**

**VOTED: To approve the public session minutes for the meeting held on June 27, 2016.**

**Voting in favor of the foregoing were: Bernard Buonanno, Dr. Nancy Carriuolo, Tim Hebert, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Vanessa Toledo-Vickers.**

**Voting against the foregoing were: None.**

**3. TO CONSIDER THE INVESTMENT OF PUBLIC FUNDS UNDER THE REBUILD RHODE ISLAND TAX CREDIT ACT AND THE QUALIFIED JOBS INCENTIVE ACT IN RELATION TO FINLAY EXTRACTS &**

## **INGREDIENTS USA, INC.**

**Secretary Pryor noted that should the Board approve Finlay and GE today the Commerce Corporation will have authorized in excess of \$40 million in real estate incentives spurring about \$400 million in private investment resulting in \$1.5 million square feet of development. The Secretary explained that incentives under the Qualified Jobs Incentive Act will result in over 400 new jobs with an additional creation of indirect jobs estimated at 250. He then introduced Mr. Saglio to discuss the Finlay application.**

**Mr. Saglio indicated that Finlay has a 250 year history and that the company acquired Autocrat, which is a well-known local brand. He explained that Finlay is proposing a two-phase project at the Quonset Business Park: the first phase being a pilot and R&D facility with a project cost of approximately \$17 million for a 30,000 square foot facility that will employ about 25 people; and the second phase consisting of a 65,000 square foot manufacturing facility costing approximately \$37.5 million and employing 50 people**

**Mr. Saglio indicated that staff is recommending tax credits under the Rebuild Program of about \$177,000 for the first phase, \$100,000 for phase two as well as a sales and use tax exemption. He stated that the combined Rebuild incentives would total approximately \$572,000. He next discussed the recommended incentives under the Qualified Jobs Incentive program for 73 jobs for a ten-year eligibility period. Mr.**

**Saglio noted that the total of incentives under both programs is estimated at \$1.9 million.**

**The Governor invited any members of the Investment Committee to provide input on the contemplated projects.**

**Mr. McNally stated that the Rebuild component is less than 1% of the construction costs and the Qualified Jobs Incentive program requires the creation of the jobs for the company to receive those incentives. He noted that it is a great deal for the State.**

**Ms. Toledo-Vickers indicated that the project is for an innovation sector and tied to Johnson & Wales.**

**Mr. Buonanno noted that Committee members got into the details of the financial and he believes it is a great opportunity.**

**Ms. Lovejoy asked if the company considered any other states for the project. Leslie Wagner of Genovis (a nation site selection firm engaged by Finlay) explained that the company looked at a number of states and narrowed it down to a handful of options. She praised the efforts of the Corporation staff and its customer service approach. Ms. Wagner explained that the economic development incentives being offered are setting Rhode Island apart from other states.**

**Upon motion duly made by Mr. Nee and seconded by Mr. Hebert, the**

**following vote was adopted:**

**VOTED: To approve Finlay Extracts & Ingredients USA, Inc., for incentives under the Rebuild Rhode Island Tax Credit Act and the Qualified Jobs Incentive Act pursuant to the resolution presented Board.**

**Voting in favor of the foregoing were: Bernard Buonanno, Dr. Nancy Carriuolo, Tim Hebert, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Vanessa Toledo-Vickers.**

**Voting against the foregoing were: None.**

**A copy of the Resolution is attached hereto as Exhibit B.**

**4. TO CONSIDER THE INVESTMENT OF PUBLIC FUNDS UNDER THE QUALIFIED JOBS INCENTIVE ACT AND THE FIRST WAVE CLOSING FUND ACT IN RELATION TO GENERAL ELECTRIC.**

**Secretary Pryor began by explaining that GE was incorporated 1889 and was one of the original companies on the Dow Jones Industrial Average and that GE is the only one of those original members still on the Dow. He stated that the Corporation is pleased that GE has chosen Rhode Island as it looks to its future. Secretary Pryor indicated that GE has announced that it plans to create 100 jobs in**

the near term and there might be an opportunity to expand to a greater presence.

The Secretary explained that the application from GE proposes a job creation schedule starting with 50 jobs by July 1, 2017, 75 jobs by January 1, 2018 and 100 jobs by January 1, 2019. He detailed the mechanics of the structure, which will require a minimum of 50 jobs before GE qualifies for incentives under the Qualified Jobs Incentive Act and further incentives will only be paid to the extent the additional thresholds are timely met. The Secretary also indicated that additional incentives will be available if GE creates 200 jobs by January 1, 2020 and 300 jobs by January 1, 2021.

Secretary Pryor next discussed the First Wave Closing Fund incentives proposed to GE, which totals up to \$650,000. The Secretary stated that the First Wave award will be available in two tranches, with the first being \$150,000 for initial fit-out of the new high tech center in the State, and the second tranche of \$500,000 being made available only upon the timely creation of 100 jobs under the proposed Qualified Jobs Incentive award. He noted that the second tranche of the First Wave award would be made available for additional costs in relation to fit-out to accommodate 100 or more employees and loan repayment program(s) for the purpose of attracting tech talent into their Rhode Island office. The Secretary concluded by explaining that the incentives at 100 jobs for both programs would be aggregate approximately \$5.3 million.

**The Governor explained that the Corporation is working to achieve more than the baseline for the proposed incentives and encouraging the company to grow here faster.**

**Mr. McNally reiterated that the risk for the majority of the incentives is low as without the job creation there is no benefit.**

**Upon motion duly made by Mr. Hebert and seconded by Ms. Sams, the following vote was adopted:**

**VOTED: To approve General Electric for incentives under the Qualified Jobs Incentive Act and the First Wave Closing Fund Act pursuant to the resolution presented Board.**

**Voting in favor of the foregoing were: Bernard Buonanno, Dr. Nancy Carriuolo, Tim Hebert Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Vanessa Toledo-Vickers.**

**Voting against the foregoing were: None.**

**A copy of the Resolution is attached hereto as Exhibit C.**

**5. TO CONSIDER THE ISSUANCE OF BONDS IN RELATION TO THE INTERNATIONAL YACHT RESTORATION SCHOOL IN THE APPROXIMATE AMOUNT OF \$8,100,000.**

**Mr. Early gave the details of proposed bond issuance of \$8.1 million and the expansion of the school's Newport campus. He noted that the project is in line with the Corporation's efforts to support advanced and targeted industries and by increasing enrollment to approximately 200 students this fosters the Corporation's goals.**

**Mr. Buonanno asked what type of financial aid is provided by the school. Terry Nathan, President of IYRS, indicated that federal aid is available.**

**Ms. Toledo-Vickers asked about how many students are being turned away at the current 100 student enrollment. Mr. Nathan stated that the composites program is almost at capacity and the traditional woodworking program has been at capacity and waitlisted for almost a decade.**

**Mr. Nee asked if a high school degree is required to attend. Mr. Nathan responded in the affirmative.**

**Mr. Hebert asked about the salary ranges. Mr. Nathan stated that it was industry specific, for example marine trades is \$15 to \$20 per hour and advanced technology positions are being paid more.**

**Mr. Buonanno asked Mr. Early if there was any exposure to the Corporation or the State. Mr. Early explained that it is a conduit**



**issuance with no financial exposure to the Corporation.**

**Upon motion duly made by Buonanno and seconded by Ms. Lovejoy, the following vote was adopted:**

**VOTED: To approve the issuance of bonds in relation to the International Yacht Restoration School pursuant to the Resolution presented to the Board.**

**Voting in favor of the foregoing were: Bernard Buonanno, Dr. Nancy Carriuolo, Tim Hebert, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Vanessa Toledo-Vickers.**

**Voting against the foregoing were: None.**

**A copy of the Resolution is attached hereto as Exhibit D.**

**6. TO CONSIDER A CONTRACT EXTENSION FOR ROI RESEARCH ON INVESTMENT.**

**Mr. Jennings gave an overview of the proposed contract extension and the performance of ROI to date.**

**Mr. Hebert asked how the Corporation is tracking the information and performance. Mr. Jennings indicated that Salesforce is being used to track and work with potential leads.**

**Mr. Hebert asked if the goal is to have all of the efforts be brought in-house at some point. Secretary Pryor indicated that it remains to be seen whether all efforts will be taken in-house and it is possible there will be some combination of staff resources and outside support.**

**Upon motion duly made by Ms. Toledo-Vickers and seconded by Mr. Hebert, the following vote was adopted:**

**VOTED: To approve a contract extension with ROI Research on Investment pursuant to the Resolution presented to the Board.**

**Voting in favor of the foregoing were: Bernard Buonanno, Dr. Nancy Carriuolo, Tim Hebert, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Vanessa Toledo-Vickers.**

**Voting against the foregoing were: None.**

**A copy of the Resolution is attached hereto as Exhibit E.**

**7. TO CONSIDER A GRANT TO THE URI FOUNDATION TO SUPPORT COLLABORATION ON ECONOMIC DEVELOPMENT INITIATIVES.**

**Mr. Jennings detailed the proposed grant and emphasized the success of the collaboration to date.**

**Upon motion duly made by Mr. Hebert and seconded by Mr. Buonanno, the following vote was adopted:**

**VOTED: To approve a grant to the URI Foundation pursuant to the Resolution presented to the Board.**

**Voting in favor of the foregoing were: Bernard Buonanno, Dr. Nancy Carriuolo, Tim Hebert, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Vanessa Toledo-Vickers.**

**Voting against the foregoing were: None.**

**A copy of the Resolution is attached hereto as Exhibit F.**

**8. TO CONSIDER PRINCIPLES FOR THE SELECTION OF RECIPIENTS UNDER THE WAVEMAKER FELLOWSHIP PROGRAM.**

**Ms. Webber indicated that the request before the Board for a delegation of authority to the Wavemaker Fellowship Committee for the selection of applicants for awards and approval of the principles. She detailed the application and review process to date and discussed the additional work to be undertaken by the Committee.**

**Mr. Buonanno noted that the process appears to have been developed to avoid undue influence and Ms. Webber concurred that**

**was the goal of the name blind, employer blind review process.**

**Upon motion duly made by Mr. Buonanno and seconded by Mr. Hebert, the following vote was adopted:**

**VOTED: To approve principles for the selection of recipients under the Wavemaker Fellowship Program pursuant to the Resolution presented to the Board.**

**Voting in favor of the foregoing were: Bernard Buonanno, Dr. Nancy Carriuolo, Tim Hebert Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Vanessa Toledo-Vickers.**

**Voting against the foregoing were: None.**

**A copy of the Resolution is attached hereto as Exhibit G.**

## **9. TO RECEIVE AN UPDATE REGARDING THE CORPORATION'S CLIENT SERVICES GROUP.**

**Ms. Tanner gave a presentation regarding the client services group. A copy of the presentation is annexed as Exhibit H**

**She gave examples of the various efforts of the client services group and the aid the staff has provided to businesses in relation to resolving issues with other State agencies.**

**There was a dialogue amongst Board members about the need to promote these efforts and the success of the client services team.**

**10. TO CONSIDER LITIGATION ISSUES IN RELATION TO 38 STUDIOS, LLC.**

**11. TO CONSIDER THE UTILIZATION OF THE CORPORATION'S INCENTIVE PROGRAMS FOR THE INVESTMENT OF PUBLIC FUNDS.**

**Upon motion duly made by Mr. Hebert and seconded by Dr. Carriuolo, the following vote was adopted:**

**VOTED: To enter into executive session pursuant to R.I. Gen. Laws § 42-46-5(a)(2) and (a)(7) to consider litigation and the investment of public funds.**

**Voting in favor of the foregoing were: Bernard Buonanno, Dr. Nancy Carriuolo, Tim Hebert, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Vanessa Toledo-Vickers.**

**Voting against the foregoing were: None.**

**The Board of Directors, staff and counsel entered into the executive session at 3:01 p.m.**

**The public session reconvened at 4:28 p.m.**

**Upon motion duly made by Mr. Nee and seconded by Ms. Sams, the following vote was adopted:**

**VOTED: That the minutes of the Executive Session shall be sealed.**

**Voting in favor of the foregoing were: Bernard V. Buonanno III, Tim Hebert, Mary Jo Kaplan, Mary Lovejoy, Michael F. McNally, Ronald O'Hanley, Donna M. Sams, Vanessa Toledo-Vickers and Karl Wadensten.**

**Voting against the foregoing were: None.**

**Mr. Carlotto announced that the Board had voted unanimously pursuant to Rhode Island General Law Section 42-46-4(b) to keep all votes made in this Executive Session confidential.**

**Vote to adjourn.**

**There being no further business in Public Session, the meeting was adjourned by unanimous consent at 4:32 p.m. upon motion made by Mr. Hebert and seconded by Ms. Toledo-Vickers.**

**Thomas E. Carlotto, Secretary**